

HOUSE BILL No. 1305

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3; IC 6-3.1-21; IC 12-10; IC 21-3-13.

Synopsis: Funding for certain state programs. Imposes graduated individual adjusted gross income tax rates. Increases the state earned income tax credit to 10% of the federal earned income tax credit. Establishes the CHOICE account to provide services under the community and home options to institutional care for the elderly and disabled program (CHOICE). Beginning July 1, 2006, provides that an eligible individual shall not have to wait more than 90 days for CHOICE services. Provides an annual grant to each school corporation that offers a full day kindergarten program. Repeals: (1) a provision specifying that the comprehensive program of home and community based long term care services is subject to funding available to the office of the secretary of family and social services; and (2) a provision under which the state earned income tax credit is to expire.

Effective: July 1, 2004; January 1, 2005; July 1, 2005; January 1, 2006.

Day

January 15, 2004, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1305

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-1, AS AMENDED BY P.L.192-2002(ss),
2 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2005]: Sec. 1. (a) Each taxable year, a tax at the ~~rate of~~
4 ~~three and four-tenths percent (3.4%) of adjusted gross income~~
5 **following rates** is imposed upon the adjusted gross income of every
6 resident person, and on that part of the adjusted gross income derived
7 from sources within Indiana of every nonresident person:

8 **(1) For taxable years beginning after December 31, 2004, and**
9 **before January 1, 2007:**

10 **(A) Three and four-tenths percent (3.4%) of the part of**
11 **adjusted gross income that is less than thirty thousand**
12 **dollars (\$30,000).**

13 **(B) Four and two-tenths percent (4.2%) of the part of**
14 **adjusted gross income that is at least thirty thousand**
15 **dollars (\$30,000) but less than sixty thousand dollars**
16 **(\$60,000).**

17 **(C) Five percent (5%) of the part of adjusted gross income**



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that equals or exceeds sixty thousand dollars (\$60,000).
 (2) For taxable years beginning after December 31, 2006, and before January 1, 2008:

(A) Three and four-tenths percent (3.4%) of the part of adjusted gross income that is less than thirty thousand dollars (\$30,000).

(B) Three and ninety-five hundredths percent (3.95%) of the part of adjusted gross income that is at least thirty thousand dollars (\$30,000) but less than sixty thousand dollars (\$60,000).

(C) Four and five-tenths percent (4.5%) of the part of adjusted gross income that equals or exceeds sixty thousand dollars (\$60,000).

(3) For taxable years beginning after December 31, 2007:

(A) Three and four-tenths percent (3.4%) of the part of adjusted gross income that is less than thirty thousand dollars (\$30,000).

(B) Three and seven-tenths percent (3.7%) of the part of adjusted gross income that is at least thirty thousand dollars (\$30,000) but less than sixty thousand dollars (\$60,000).

(C) Four percent (4%) of the part of adjusted gross income that equals or exceeds sixty thousand dollars (\$60,000).

(b) Each taxable year, a tax at the rate of eight and five-tenths percent (8.5%) of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 2. IC 6-3-7-3, AS AMENDED BY P.L.192-2002(ss), SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) All revenues derived from collection of the adjusted gross income tax imposed on corporations shall be deposited in the state general fund.

(b) **Before January 1, 2005**, all revenues derived from collection of the adjusted gross income tax imposed on persons shall be deposited as follows:

(1) Eighty-six percent (86%) in the state general fund.

(2) Fourteen percent (14%) in the property tax replacement fund.

(c) **After December 31, 2004**, all revenue derived from collection of the adjusted gross income tax imposed on persons shall be deposited as follows:

(1) Eighty-eight percent (88%) in the state general fund.

(2) Twelve percent (12%) in the property tax replacement

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fund.

SECTION 3. IC 6-3.1-21-6, AS AMENDED BY P.L.192-2002(ss), SECTION 114, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 6. (a) An individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code is eligible for a credit under this chapter equal to ~~six~~ **ten** percent ~~(6%)~~ **(10%)** of the amount of the federal earned income tax credit that the individual:

(1) is eligible to receive in the taxable year; and

(2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code.

(b) If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess, less any advance payments of the credit made by the taxpayer's employer under IC 6-3-4-8 that reduce the excess, shall be refunded to the taxpayer.

SECTION 4. IC 12-10-10-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 12. (a) Effective July 1, 2006, the CHOICE account within the state general fund is established to provide services under this chapter. The account shall be administered by the office of the secretary.**

(b) Money in the account is annually appropriated for the purposes of the account.

(c) The expenses of administering the account shall be paid from money in the account.

(d) Money in the account at the end of a state fiscal year does not revert to the state general fund.

(e) Money appropriated to the account:

(1) may be used only to provide services for the program under this chapter and IC 12-10-11.5; and

(2) may not be used to fund a Medicaid waiver.

SECTION 5. IC 12-10-10-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 13. Beginning July 1, 2006, an individual who is an eligible individual under the program shall not remain on a waiting list for services for more than ninety (90) days.**

SECTION 6. IC 12-10-11.5-2, AS ADDED BY P.L.274-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) This chapter is subject to funding available to the office of the secretary of family and social services.

(b) The secretary and the director of the state budget agency are responsible for ensuring that the cost of the services provided under

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1 this chapter does not exceed the total amount of funding, including
 2 state and federal funds, that is made available by the budget agency for
 3 the program established under this chapter to provide long term care,
 4 including home and community based services.

5 **(c) This section expires July 1, 2006.**

6 SECTION 7. IC 6-3.1-21-10 IS REPEALED [EFFECTIVE JULY
 7 1, 2004].

8 SECTION 8. IC 21-3-13 IS ADDED TO THE INDIANA CODE AS
 9 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 10 JANUARY 1, 2006]:

11 **Chapter 13. Full Day Kindergarten Grants**

12 **Sec. 1. As used in this chapter, "ADM" has the meaning set**
 13 **forth in IC 21-3-1.6-1.1.**

14 **Sec. 2. A school corporation that provides a full day**
 15 **kindergarten program is eligible to receive an annual grant from**
 16 **the state under this chapter.**

17 **Sec. 3. The amount of the grant that a school corporation is**
 18 **entitled to receive under this chapter is determined under the**
 19 **following STEPS:**

20 **STEP ONE: Determine the result of:**

21 (A) the tuition support distribution the school corporation
 22 would have received under IC 21-3-1.7-8.2 for a year if
 23 each student attending a full day kindergarten program
 24 were counted as one (1) ADM; minus

25 (B) the tuition support distribution that the school
 26 corporation will receive under IC 21-3-1.7-8.2 for the year.

27 **STEP TWO: Determine the result of:**

28 (A) the enrollment adjustment grant the school
 29 corporation would have received under IC 21-3-1.7-9.5 for
 30 a year if each student attending a full day kindergarten
 31 program were counted as one (1) ADM; minus

32 (B) the enrollment adjustment grant that the school
 33 corporation will receive under IC 21-3-1.7-9.5 for the year.

34 **STEP THREE: Determine the result of:**

35 (A) the amount the school corporation would have received
 36 under IC 21-3-1.7-9.7 for a year for at-risk programs if
 37 each student attending a full day kindergarten program
 38 were counted as one (1) ADM; minus

39 (B) the amount the school corporation will receive under
 40 IC 21-3-1.7-9.7 for the year for at-risk programs.

41 **STEP FOUR: Determine the result of:**

42 (A) the transportation distribution the school corporation

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would have received under IC 21-3-3.1 for the year if each student attending a full day kindergarten program were counted as one (1) ADM; minus
(B) the transportation distribution the school corporation will receive for the year under IC 21-3-3.1.

STEP FIVE: Determine the result of:

(A) the primetime distribution the school corporation would have received under IC 21-1-30 for the year if each student attending a full day kindergarten program were counted as one (1) ADM; minus
(B) the primetime distribution the school corporation will receive for the year under IC 21-1-30.

STEP SIX: Determine the sum of the results determined for the school corporation in STEPS ONE through FIVE.

Sec. 4. The amounts necessary to provide the grants under this chapter are annually appropriated from the state general fund.

Sec. 5. The department of education shall adopt rules under IC 4-22-2 to carry out this chapter.

SECTION 9. [EFFECTIVE JULY 1, 2005] (a) As used in this SECTION, "area agencies on aging" refers to the area agencies on aging designated by the bureau in each planning and service region for purposes of IC 12-10.

(b) As used in this SECTION, "bureau" refers to the bureau of aging and in-home services established by IC 12-10-1-1.

(c) As used in this SECTION, "eligible individual" has the meaning set forth in IC 12-10-10-4.

(d) As used in this SECTION, "program" refers to the community and home options to institutional care for the elderly and disabled program established by IC 12-10-10.

(e) Before July 1, 2006, the area agencies on aging shall:

(1) identify each individual who:

(A) has been on the waiting list for the program since before April 1, 2006; and

(B) has not received a determination of eligibility for the program; and

(2) determine whether each individual identified under subdivision (1) is an eligible individual.

(f) This SECTION expires JULY 1, 2006.

SECTION 10. [EFFECTIVE JANUARY 1, 2005] IC 6-3-2-1 and IC 6-3.1-21-6, both as amended by this act, apply to taxable years beginning after December 31, 2004.

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